

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE RELOCATION OF PUBLIC
WORKS CENTER FROM NAVAL TRAINING CENTER
SAN DIEGO, CALIFORNIA, TO THE TAYLOR STREET
ANNEX, SAN DIEGO, CALIFORNIA**

Report No. 97-113

March 24, 1997

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Acronyms

BRAC	Base Realignment and Closure
MILCON	Military Construction
NTC	Naval Training Center
PWC	Public Works Center



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



March 24, 1997

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)**

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Relocation of Public Works Center From Naval Training Center San Diego, California, to the Taylor Street Annex, San Diego, California (Report No. 97-113)

We are providing this audit report for review and comment. This report is one in a series about FY 1998 Defense base realignment and closure military construction costs. Management comments on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. As a result of management comments and additional audit work, we added Recommendation 4. to the Navy. Therefore, we request that the Navy provide comments on the new recommendation by April 25, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Nicholas E. Como, Audit Project Manager, at (703) 604-9215 (DSN 664-9215). See Appendix E for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 97-113
(Project No. 7CG-5002.03)

March 24, 1997

Defense Base Realignment and Closure Budget Data for the Relocation of Public Works Center From Naval Training Center San Diego, California, to the Taylor Street Annex, San Diego, California

Executive Summary

Introduction. This report is one in a series about FY 1998 Defense base realignment and closure military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of project P-175T, "Public Works Shops," valued at \$1.8 million, for the relocation of Public Works Center from Naval Training Center San Diego, California, to the Taylor Street Annex, San Diego, California.

Audit Results. The Navy underestimated space requirements and costs for the renovation of facilities for project P-175T, "Public Works Shops." The project was underestimated by at least \$2.1 million. In addition, the costs of supporting facilities related to this project may be underestimated. See Part I for a discussion of the audit results.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) place project P-175T, "Public Works Shops," on administrative withhold until management submits a revised DD Form 1391, "FY 1998 Military Construction Project Data," to reflect the renovation of the entire Taylor Street Annex. In addition, we recommend that the Commander, Southwest Division, Naval Facilities Engineering Command, San Diego, California, in concert with the Navy Public Works Center San Diego, submit a revised DD Form 1391 for project P-175T that reflects valid Defense base realignment and closure requirements and costs. We recommend that the Commander, Southwest Division, Naval Facilities Engineering Command, correspondingly increase budget estimates for project P-175T by at least \$2.1 million. Finally, we recommend that the Navy authorize and fund a design analysis associated with the renovation of the entire Taylor Street Annex.

Management Comments. The Under Secretary of Defense (Comptroller) and the Navy concurred with the recommendation to place project P-175T on administrative withhold until the Navy submits a revised DD Form 1391 to reflect the renovation of the entire Taylor Street Annex. The Navy concurred with the recommendation to revise and resubmit the DD Form 1391 for project P-175T. The Navy nonconcurred with the recommendation to increase budget estimates associated with project P-175T. See Part I for a complete discussion of management comments and Part III for the complete text of management comments.

Audit Response. As a result of Navy comments to the draft report, we revisited the Taylor Street Annex and determined that the net 53,412 square feet available would adequately accommodate each Public Works Center operating division. In addition, we reviewed the revised renovation of the existing building components proposed by the Public Works Center. The majority of the renovations are minor in scope and appear to be the minimum required to bring the Taylor Street Annex (currently an industrial facility) up to acceptable working conditions. We agree that the proposed renovations to the Taylor Street Annex will satisfy the requirements of the Public Works Center divisions relocating from the Naval Training Center San Diego. Because the Naval Training Center San Diego is scheduled to close in February 1998, the Public Works Center must relocate to the Taylor Street Annex on or before that date. A design analysis will solidify the necessary renovations and finalize the estimated costs as well as determine if there are any additional unforeseen renovations required at the Taylor Street Annex. As a result of management comments and additional audit work, we added one recommendation to authorize and fund a design analysis associated with project P-175T, "Public Works Shops." We request that the Navy provide comments on the added recommendation by April 25, 1997.

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Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing audits of the Defense base realignment and closure (BRAC) process. This report is one in a series about FY 1998 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix B. See Appendix C for a summary of invalid or partially valid requirements for the project we reviewed.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

This report provides the results of the audit of project P-175T, "Public Works Shops," valued at \$1.8 million, for the relocation of Public Works Center (PWC) from Naval Training Center (NTC) San Diego, California, to the Naval In-Service Engineering-West/Taylor Street Annex (the Taylor Street Annex), San Diego, California. See Appendix A for a discussion of the scope and methodology. The management control program will be discussed in a summary report on FYs 1997 and 1998 BRAC MILCON budget data.

Prior Audits and Other Reviews

Three summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1996. These reports list individual projects. Since April 1996, numerous additional audit reports have been issued that address DoD BRAC budget data for FYs 1997 and 1998. Details on these reports are available upon request.

Public Works Shops

The Navy underestimated space requirements for project P-175T, "Public Works Shops" by at least 35,534 square feet and underestimated costs by at least \$2.1 million. This condition occurred because the Navy did not consider total workload and associated work space which must be moved into the Taylor Street Annex, the facility proposed for renovation. As a result, the Navy would have to renovate the facility in segments and may require more than the additional funding of \$2.1 million. In addition, the Public Works Center mission could be interrupted by renovating the Taylor Street Annex in segments.

Public Works Center Organization

PWC San Diego is headquartered at Naval Station San Diego, California. Additional PWC San Diego facilities are located at other Naval activities in the San Diego region to support the PWC San Diego mission. PWC San Diego is a Defense Business Operations Fund activity. Thus, PWC San Diego workload and personnel strength levels are supported by revenues generated from its customers. PWC San Diego workload is located in four geographic zones and project P-175T, "Public Works Shops," will relocate Zone 3, PWC San Diego, personnel and facilities. Zone 3, PWC San Diego, is currently a tenant activity at NTC San Diego. The Zone 3, PWC San Diego, mission is to maintain, alter, repair, and perform upkeep and minor construction for all public works and public utilities, including buildings and waterfront activities for Naval installations in the Point Loma, California, area.

Prior Audit Coverage

Project P-175T was previously audited by the Inspector General, DoD, when the project was an FY 1996 budgeted project. The project consisted of 18,660 square feet of new construction, estimated to cost \$2.9 million. Report Number 95-221, "Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center San Diego, California," June 6, 1995, stated that the Navy did not evaluate and consider existing alternatives to new construction when planning to relocate PWC San Diego facilities from NTC San Diego. Since funding for project P-175T was delayed from FY 1996 to FY 1998, we reviewed space requirements and costs associated with this renovation project to determine whether current requirements, as stated in the DD Form 1391, met PWC San Diego current needs.

Initial Computation of Space Requirements

NTC San Diego was recommended for closure by the 1993 Commission on Defense Base Closure and Realignment. Prior to the decision to close NTC San Diego, the Commander, NTC San Diego, requested that PWC San Diego estimate its space requirements for relocation to another DoD facility.

PWC San Diego interpreted the data call to include only the NTC San Diego portion of the Zone 3, PWC San Diego, space requirements. Therefore, PWC San Diego did not account for the total Zone 3 mission requirements when estimating their space requirements. Table 1 shows the estimated space requirements for Zone 3, PWC San Diego, support for NTC San Diego only.

Table 1. Estimated Space Requirements for Zone 3, PWC San Diego, Support for NTC San Diego Only

<u>Type of Space</u>	<u>Square Feet Required</u>
Public works shop	12,100
Administrative space	3,000
Material store shop	2,000
Automotive vehicle/maintenance shop	<u>1,560</u>
Total	18,660

Basic Facility Requirement

A basic facility requirement for PWC San Diego was prepared by Munroe and Orsa Architects, Inc., San Diego, California, in August 1995. The basic facility requirement was organized by zone and was prepared in accordance with the Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," October 1982 (revised in September 1993). The basic facility requirement contains the total allowed space requirements for all of Zone 3, PWC San Diego.

Table 2 shows a comparison between the basic facility requirement for the entire Zone 3, PWC San Diego, mission and the square footage currently occupied by Zone 3, PWC San Diego, at its current location, NTC San Diego.

Table 2. Square Footage Required Per Basic Facility Requirement Versus Square Footage Occupied at NTC San Diego

<u>PWC San Diego Activity</u>	<u>Square Footage Per Basic Facility Requirement</u>	<u>Square Footage Occupied at NTC San Diego</u>
Maintenance	23,250	28,246
Utilities	17,165	14,270
Materials storage	<u>27,150</u>	<u>27,180</u>
Total	67,565	69,696

The square footage required per the basic facility requirement is reasonable compared to the square footage that PWC San Diego occupies at NTC San Diego. We toured 5 of the 16 facilities, totaling 55,957 square feet, that are currently occupied by PWC San Diego. The facilities were efficiently utilized, met mission requirements, and were without any unused or vacant space.

Personnel Levels and Space Requirements

Because PWC San Diego is a Defense Business Operations Fund activity, workload and personnel levels are supported and funded with customer revenues. We compared current year revenues to future year forecasted revenues to determine whether PWC San Diego workload would be likely to undergo major fluctuations in future year personnel levels or space requirements.

Public Works Shops

Table 3 shows the actual and forecasted revenues for Zone 3, PWC San Diego.

Table 3. Actual and Forecasted Revenues for Zone 3, PWC San Diego		
<u>Fiscal Year</u>	<u>Actual/Forecasted</u>	<u>Revenue (in millions)</u>
1993	Actual	\$ 4.1
1994	Actual	8.0
1995	Actual	13.2
1996	Actual	13.8
1997	Forecasted	16.6
1998	Forecasted	17.0
1999	Forecasted	17.4

Table 3 shows that forecasted revenues are expected to increase from actual revenues generated in FYs 1995 and 1996. Zone 3, PWC San Diego, had 204 assigned personnel, as of October 2, 1996. Current personnel levels and space requirements, associated with present revenues, will be able to generate future comparable revenues. Therefore, Zone 3, PWC San Diego, is forecasted to support its current personnel levels and space requirements.

Taylor Street Annex

Description of Available Facilities. The Taylor Street Annex is an industrial complex comprised of two large buildings, totaling 54,194 square feet. The Taylor Street Annex is currently occupied by the Naval In-Service Engineering-West. However, the Naval In-Service Engineering-West will be vacating the Taylor Street Annex by July 1997. PWC San Diego will have access to the entire complex at that time.

Future Plans of PWC San Diego. With the renovation of 18,660 square feet included in BRAC MILCON project P-175T, there would be 35,534 square feet at the Taylor Street Annex remaining to renovate. PWC San Diego plans to renovate the remaining 35,534 square feet. PWC San Diego civil engineers agreed that if the entire Taylor Street Annex were renovated, the majority of their space requirements would be met.

Table 4 shows the estimate of additional funding required to renovate the entire Taylor Street Annex. The estimate does not include the supporting facilities portion of project P-175T.

**Table 4. Estimate of Additional Funds
Required to Renovate the Taylor Street Annex**

Space available at the Taylor Street Annex	54,194	
Unit cost per Southwest Division cost certification	<u>\$50.00</u> *	
Cost to renovate the Taylor Street Annex		\$2,709,700
Requested space on DD Form 1391	18,660	
Unit cost per DD Form 1391	<u>\$30.54</u>	
Estimate per DD Form 1391		<u>(\$569,876)</u>
Estimated project understatement		\$2,139,824

*The Southwest Division, Naval Facilities Engineering Command, estimated a unit cost of \$50.00 per square foot to renovate the Taylor Street Annex.

Recommendations, Management Comments, and Audit Response

Added Recommendation. As a result of Navy comments to the draft report and the Navy revision to the project, we revisited the Taylor Street Annex. Because of the revisit, we added Recommendation 4. to Headquarters, Naval Facilities Engineering Command, to authorize and fund a design analysis associated with the renovation of the Taylor Street Annex and request that the Navy comment on the added recommendation in its response to the final report.

1. We recommend that the Under Secretary of Defense (Comptroller) place project P-175T, "Public Works Shops," on administrative withhold until management submits a revised DD Form 1391, "FY 1998 Military Construction Project Data," to reflect the renovation of the entire Taylor Street Annex.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and stated that funds associated with project P-175T will be placed on administrative withhold.

Navy Comments. Although not required to comment, the Navy concurred and submitted a revised DD Form 1391 for project P-175T reflecting renovation of the entire Taylor Street Annex.

Audit Response. The Under Secretary of Defense (Comptroller) comments were responsive. However, upon receipt of a design analysis accepted by the

Public Works Shops

Southwest Division, Naval Facilities Engineering Command, we will request that the Under Secretary of Defense (Comptroller) release the funds associated with project P-175T.

2. We recommend that the Commander, Southwest Division, Naval Facilities Engineering Command, in concert with the Navy Public Works Center San Diego, submit a revised DD Form 1391, "FY 1998 Military Construction Project Data," for project P-175T, "Public Works Shops," that reflects valid Defense base realignment and closure requirements and costs.

Navy Comments. The Navy concurred and submitted a revised DD Form 1391 reflecting valid Defense base realignment and closure requirements and costs. The revised DD Form 1391 and cost estimate were jointly developed by Southwest Division, Naval Facilities Engineering Command, and Navy Public Works Center San Diego.

3. We recommend that the Commander, Southwest Division, Naval Facilities Engineering Command, correspondingly increase budget estimates for project P-175T, "Public Works Shops," by at least \$2.1 million.

Navy Comments. The Navy nonconcurred to increase budget estimates for project P-175T by at least \$2.1 million. The Navy stated that the Southwest Division, Naval Facilities Engineering Command, and Navy Public Works Center San Diego mutually agreed that it will be necessary to only refurbish and upgrade the existing building components (i.e. ceiling, floors, utilities) in lieu of complete replacement. The Navy stated that no additional funding will be necessary to execute the project.

Audit Response. As a result of Navy comments to the draft report, we revisited the Taylor Street Annex. We determined that the space available at the Taylor Street Annex would adequately accommodate the maintenance, utilities, and materials storage divisions of the Public Works Center. In addition, we verified the revised renovation of the existing building components proposed by the Public Works Center.

We reviewed the types of proposed renovation for each facility, according to the Public Works Center division that will occupy the facility. We determined that the majority of the renovations are minor in scope and appear to be the minimum required to bring the Taylor Street Annex (currently an industrial facility) up to acceptable working conditions. We agree that the proposed renovations to the Taylor Street Annex will satisfy the minimum requirements of the Public Works Center divisions relocating from the Naval Training Center San Diego. Appendix D provides a description of the types of minor renovations at the Taylor Street Annex. Because the Naval Training Center San Diego is scheduled to close in February 1998, the Public Works Center must relocate to the Taylor Street Annex on or before that date. A design analysis will solidify the necessary renovations and estimated costs as well as determine if there are any additional and unforeseen renovations required at the Taylor Street Annex.

4. We recommend that Headquarters, Naval Facilities Engineering Command, authorize and fund a design analysis associated with the renovation of the entire Taylor Street Annex for project P-175T, "Public Works Shops."

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Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1998 BRAC MILCON budget request and supporting documentation for space requirements for one realignment project regarding the relocation of PWC San Diego. Project P-175T, "Public Works Shops," is estimated to cost \$1.8 million.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from September through October 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

Appendix B. Background of Defense Base Realignment and Closure

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1998 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Appendix B. Background of Defense Base Realignment and Closure

Overall Audit Selection Process. We reviewed the FY 1998 BRAC MILCON \$354.3 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget. We also reviewed those FY 1997 BRAC MILCON projects that were not included in the previous FY 1997 budget submission, but were added as part of the FY 1998 BRAC MILCON budget package.

Appendix C. Project Identified as Invalid or Partially Valid

Table C-1. Causes of Invalid or Partially Valid Project

<u>Project Location</u>	<u>Project Number</u>	<u>Causes of Invalid Project</u>		<u>Causes of Partially Valid Project</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
Taylor Street Annex	P-175T			X*	

Table C-2. Recommended Change in Project Estimate

<u>Project Location</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Project (thousands)</u>	<u>Partially Valid Project (thousands)</u>
Taylor Street Annex	P-175T	<u>\$1,800</u>		<u>(\$2,140)</u>
Total		\$1,800		(\$2,140)
Total Invalid and Partially Valid Projects				(\$2,140)

*Project P-175T requirements and costs were understated.

Appendix D. Types of Minor Renovations at the Taylor Street Annex

Building Use	Maintenance Storage	Admin	AC/Admin	Transportation/ Shops	Plumbing	Carpentry	Welding/ Sheet Metal	Tool Storage	Hazardous Material
Square Footage	7,391	7,809	6,710	6,884	5,527	5,745	6,946	6,000	400
Building Area	IN	1S	2N	2NN	2S	2SS	3S	4	5
<u>Renovation Category:</u>									
Floors	Remove carpeting		Remove and install carpeting	Remove tile	Remove carpeting	Remove tile	Remove tile		
Roof							Patch for mechanical upgrade, open stud wall		
Exterior Walls							Patch walls, build wall		
Interior Walls/ Finishes	Remove partitions	Build and paint wall, frame-up electrical	Build wall, insulate		Build passageway remove partitions	Build passageway remove partitions		Build wall and storage racks	
Doors/Windows		Install 1 door	Install 2 doors and 2 roll-up doors, install windows	Install 3 doors and 3 roll-up doors			Install 1 door	Install 2 doors and 1 roll-up door	
Specialties		Drop ceiling	Drop ceiling						
Plumbing		Upgrade fire protection	Upgrade fire protection						
Mechanical	Remove ductwork		Install ventilation system, upgrade HVAC	Install ventilation system, install space heaters, remove ductwork		Install ventilation system	Install ventilation system		
Electrical	Raise lighting			Install explosion proof lighting, raise lighting	Install explosion proof lighting	Raise lighting	Install explosion proof lighting, raise lighting	Install explosion proof lighting, raise lighting	
Site Utilities				Extend water line					

Appendix D. Types of Minor Renovations at the Taylor Street Annex

The following lists other types of minor renovations required at Taylor Street Annex that are not building or area specific.

- | | |
|------------------|--|
| Site Preparation | Dismantle Building 7 - 980 square feet
Dismantle Building 3N - 5,757 square feet
Dismantle Building 6 - 980 square feet
Upgrade sewage system |
| Foundations | Demolish raised concrete slabs - Building 3N - 5,757 square feet
Demolish raised concrete slabs - Building 7 - 980 square feet |

Appendix E. Report Distribution

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Department of the Army

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Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Deputy Chief of Naval Operations (Logistics)
Commander, Naval Facilities Engineering Command
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Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
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Senate Committee on Governmental Affairs
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House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
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Justice, Committee on Government Reform and Oversight
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Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



December 2, 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Draft Audit Report on Defense Base Realignment and Closure Budget Data for the Relocation of Public Works Center From Naval Training Center San Diego, California, to the Taylor Street Annex, San Diego, California
(Project No. 7CG-5002.03)

This responds to your November 20, 1996, memorandum requesting our comments on the subject report.

The audit recommends that the USD(Comptroller) place the funds for project P-175T, "Public Works Shops," on administrative withhold until the Navy submits a revised DD Form 1391 to reflect the renovation of the entire Taylor Street Annex. The Audit contends that the Navy underestimated space requirements by at least 35,534 square feet and underestimated costs by at least \$2.1 million for this project because it did not include all requirements to relocate the Public Works Center from the Naval Training Center San Diego to the Taylor Street Annex, San Diego.

We generally agree with the audit finding; however, because the Navy has not formally commended on the audit and the project is still an issue, we agree to place the funding (\$1.8 million) for the project on administrative withhold until the issue is resolved. Further, any additional funding required due to the audit will be funded from other BRAC savings as appropriate.

B. R. Vaseur
B. R. Vaseur
for Director for Construction

Department of the Navy Comments



DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

31 JAN 1997

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR
GENERAL FOR AUDITING

SUBJECT: DODIG Draft Audit Report on Defense Base Realignment and Closure Budget
Data for the Relocation of Public Works Center from Naval Training Center
San Diego, California, to the Taylor Street Annex, San Diego, California
(Project 7CG-5002.03)

I am responding to the draft audit report concerning the base realignment and closure budget data for the relocation of Public Works Center from Naval Training Center San Diego, California, to the Taylor Street Annex, San Diego, California. The Department of the Navy response is provided in Attachment 1.

A handwritten signature in black ink, appearing to read "Duncan Holaday".

Duncan Holaday
Deputy Assistant Secretary
(Installations and Facilities)

Attachments:

1. DON Response to DODIG Draft Audit Report

Copy to:
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DEPARTMENT OF THE NAVY RESPONSE
TO
DODIG DRAFT OF A PROPOSED AUDIT REPORT
ON
DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE
RELOCATION OF PUBLIC WORKS CENTER FROM NAVAL TRAINING CENTER
SAN DIEGO, CALIFORNIA, TO THE TAYLOR STREET ANNEX, SAN DIEGO,
CALIFORNIA
(Project 7CG-5002.03)

Recommendation 1: We recommend that the Under Secretary of Defense (Comptroller) place project P-175T, "Public Works Shops," on administrative withhold until management submits a revised DD Form 1391, "FY 1998 Military Construction Project Data," to reflect the renovation of the entire Taylor Street Annex.

Department of the Navy Response: Concur. A revised 1391 has been submitted reflecting renovation of the entire Taylor Street Annex.

Recommendation 2: We recommend that the Commander, Southwest Division, Naval Facilities Engineering Command, in concert with the Navy Public Works Center San Diego, submit a revised DD Form 1391, "FY 1998 Military Construction Project Data," for project P-175T, "Public Works Shops," that reflects valid Defense base realignment and closure requirements and costs.

Department of the Navy Response: Concur. A revised 1391 has been submitted reflecting valid Defense base realignment and closure requirements and costs. The revised DD 1391 and cost estimate, were jointly developed by Southwest Division, Naval Facilities Engineering Command (SWD) and Navy Public Works Center San Diego (PWC). The project includes upgrading/refurbishing of 54,549 SF of buildings 1, 2, 3, & 4.

Recommendation 3: We recommend that the Commander, Southwest Division, Naval Facilities Engineering Command, correspondingly increase budget estimates for project P-175T, "Public Works Shops," by at least \$2.1 million.

Department of the Navy Response: Do not concur. SWD and PWC conducted an extensive review of existing facilities conditions. SWD and PWC mutually concur that it is only necessary to refurbish/upgrade as required the existing building components (ie. ceiling, floors, utilities) in lieu of complete replacement. This approach will significantly reduce the overall cost to relocate PWC into the Taylor St. Complex. SWD and PWC agree that no additional funds will be necessary to execute the project as scoped in the revised 1391.

Audit Team Members

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